The company

Idea: Connecting Israeli companies with Palestinian manufacturers of commodity goods to promote peaceful cooperation

Winner of: August 2016

Methodology

- Market research
- Direct interviews with experts on Palestinian and Israeli side
- Benchmarking

Palestinian economy

- Low-tech products
- Small export volume
- Relatively high quality
- Competitive prices

Kibbutzim Industries

What: Collective communities in Israel
Why: 4 main reasons

Economic strength
- Kibbutzim account for 9% of Israel’s industrial ($18bn) & 45% of agricultural output ($1.7bn).
- Most Kibbutzim are SMEs; they generate revenues less than ₪50mio.

Strong central organisation
- Powerful central organisation Kibbutzim Movement: can give recommendations to indiv. Kibbutzim
- Kibbutzim Industries Association as good source of contacts

Political Agenda
- Kibbutzim factories are not just driven by profit but have political agenda
- Willingness to cooperate with Palestinians if products are competitive

Diversity of industries
- Kibbutzim are active in several industries (often even within one Kibbutz)
- Leading industries: plastic & rubber (45% of sales), food (17%), metal (12.5%)

Plan: Kibbutzim as beachhead

Palestinian producers

Recommendation: Different roles for ScaleME possible

- Quality Check
  → Regular checks for quality of Palestinian products
  → Guarantee for certain standards?

- Payment guarantees for Palestinian producers
  → Guarantee for down payments to Palestinian producers to start off
  → Financial support from external partners might be needed

- Financial guarantees for Israeli Kibbutzim
  → Overcome lack of trust with regard to reliability of Palestinian producers
  → Financial support from external partners might be needed

- Trade fair/meeting coordinator
  → Connecting Palestinian producers and Kibbutzim through fairs or meetings
  → Is Palestinian side organised enough for trade fairs?

Challenges

- Potential unreliability of Palestinian producers
- Lack of trust
- Uncertainty about quality
- Unawareness about Palestinian products

The team

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